

LEVER AND AGRICULTURE 1913-1917

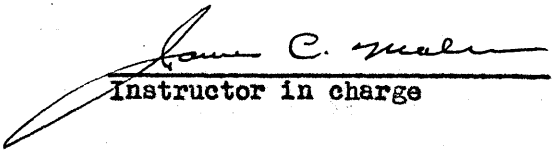
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# TABLE OF CONTENTS

Page

## Chapter I.

Mr. Lever's Life and his Attitude on Problems Other than Agriculture.....	1
His Life.....	1
His Votes in Congress.....	2
His Subsequent Life.....	11

## Chapter II.

Lever's Attitude Toward Agriculture 1901-1913.....	12
What the problems were and his beginning.....	12
1907-1909.....	18
1909-1911.....	18
1911-1913.....	19

## Chapter III.

Cotton Futures and Extension Bills.....	23
Cotton Futures.....	23
Extension.....	34

## Chapter IV.

The 64th Congress - Rural Credit and Warehousing....	41
The Summer of 1915.....	41
The Repassing of the Futures Act.....	42
Cotton and Grain Grading.....	44
Fertilizers.....	47
Minor Bills.....	48

## TABLE OF CONTENTS (continued)

The Theory of Mr. Lever's Attitudes.....	50
Rural Credit.....	57
Warehousing.....	66
Summary of Action.....	73
Summary of Mr. Lever's Attitudes.....	74
Footnotes.....	80
Bibliography.....	84

## CHAPTER I

### Mr. Lever's Life and his Attitude on Problems

#### Other than Agriculture

It is the intention of this short sketch to study the life of Asbury Francis Lever between the years 1913-1917 only as it pertains to his governmental activity and specifically as it pertains to agriculture and his work in developing the agricultural policy of the United States government. Of course, as a background for this study a general survey of his life is appropriate.

#### Mr. Lever's Life

Mr. Lever was born on a farm near Spring Hill in Lexington County, South Carolina, January 5, 1875. He was educated in the public schools, received his A. B. from Newberry College in 1895, and taught school for a year. 1896 marked his entrance into political life by his participation as a delegate to the Democratic State Convention. At about the same time he was made the private secretary of J. William Stokes, Representative from the seventh congressional district in South Carolina, president of the South Carolina Farmers Alliance, and one of the leaders in the Rural Free Delivery movement and in the opposition to trading in "futures". The influence which this man exerted on Mr. Lever



was probably great, and manifestations of it will be recorded later in this treatment. For the present the important thing to note is that this association made it possible for Mr. Lever to study law at Georgetown University in Washington where he received the degree of Bachelor of Laws in 1899. Although he was admitted to the bar in South Carolina he never practised. This legal knowledge was, of course, a help in his congressional duties later when the association with Mr. Stokes plunged him more deeply into politics.

He was a delegate to the Democratic state convention in 1900 and was nominated and elected to the South Carolina House of Representatives. He was there only a year, because his former employer died in 1901, and Mr. Lever was elected to take his place in Washington. At his post as Representative he served from that time until 1919 being elected to the 58th to 66th Congresses. From the 58th Congress in 1903 until his resignation he was on the Agricultural Committee of the House and after the Democrats came into power in 1913 he was its chairman. It is with his work as chairman of the Agricultural Committee before the World War that this study has to deal particularly.

#### His Votes in Congress, 1913-1917

Perhaps it would be wise to consider Mr. Lever's attitude on problems other than agriculture before a study of his subsequent life is made.

In foreign policy perhaps the most immediate question

was that of Mexico. Huerta was charged with the assassination of Madero in February, 1913, and the government was confronted, not only with the question of whether to recognize that new government, but also what to do about the marauding bands on the border. Further complicating the situation were the demands of the Philippines for independence in the very mouth of expansionistic and imperialistic Japan and the plank in the platform of the Democratic party in 1912 endorsing preferential tolls for United States citizen's vessels through the Panama Canal in direct violation of the agreement with England that the shipping of all nations should receive equal treatment.

In addition to these troublesome questions the administration had only got off to a good start when the World War broke and dumped upon it the attendant problems of neutrality, shipping and commerce rights, etc..

The domestic problems were even more troublesome. Perhaps the foremost was a new Democratic tariff lowering protection rates. Following closely, however, was the question of what to do about the banking system and the economic life of the nation. Should immigration be restricted? If so, how? Should the government, in view of the terrific struggle in Europe, arm itself to the teeth or pursue its regular course? Where would it get the necessary taxes for the lack of money in the treasury? What should be done about the shipping problem? Should the two proposed amendments to the Constitution for prohibition and women's suffrage be adopted?

Should the federal government try to prohibit the products of child and convict labor? What should be done about internal improvements?

The mere enumeration of these problems illustrates their complexity. The fact that all these things were treated upon seems to justify the designation of this period as the era of "the great reforms."<sup>1</sup>

Upon most of the questions of these four years Mr. Lever was silent, so far as his expressions in the House were concerned. He seemed to be interested in agriculture to the exclusion of everything else and his attitudes upon other topics may be gained solely from his votes. By using this data, however, a general idea of his attitudes may be gained.

In foreign relations he upheld the administration in almost everything. He stood behind the president in evening canal tolls without restraint and in the use of the armed forces in Mexico. On May 5, 1916, he voted to allow naval officers to serve in the government of Haiti, but four days before that he had taken an anti-imperialistic stand by voting for setting a definite time for giving the Philippines their complete independence and he was in favor of making that time the short one of from two to four years.

So far as issues brought up by the war are concerned, Mr. Lever took the stand of the administration in opposing the "Lenroot" resolution for warning all citizens not to sail on armed merchant vessels (and thus retreating from the stand of the government of the United States), and in advocating the arming of all merchantmen.

The war caused a dearth of shipping facilities and Mr. Lever voted for the Shipping Corporation and Shipping Board Bills intended to remedy that. It was only on his vote on the Philippines that he was on the side of the minority in regard to foreign affairs.

When domestic problems are considered a more extensive variation is found.

Mr. Lever was against protective tariffs and for the Underwood tariff which was passed. He joined in repealing the free sugar clause, March 16, 1916.

He showed himself in favor of restricting emigration, and, though he voted against the literacy test twice, he wanted immigration restriction badly enough to vote to pass the bill over the veto in 1915, the year in which that project failed.

He was generally against increases of the armed forces so ardently desired by many when the World War began. Perhaps he was more partial to the navy than to the army, which perhaps might be expected from a representative of the home of naval stores. Though he voted to appropriate money for only one, instead of the two battleships asked, twice, on the other hand he voted for providing transports or auxiliaries by the Shipping Board, for an armor plate factory, for the naval building program, and for arming merchant ships.

In the army he steadily opposed any attempt to raise army appropriations and increase the number of enlisted men, regular army, and reserves.

Some of the most dominating problems were those of an econ-

omic and financial character. The Federal Reserve Act is perhaps the most prominent example. Mr. Lever voted for this bill and with it for the gold standard and against the prohibition of interlocking directorates in banks. He voted for the Clayton Anti-trust Act, for the Hepburn Act for limitation of issuance of railway stock and publicity for corporations, for authorizing state banks to participate under the Aldrich Act, and against allowing banks to keep a portion of their reserve in the central Federal Reserve Bank or allowing unlimited postal savings deposits. He favored the continuance of the joint committee on commerce dealing particularly with railway legislation and, what is more interesting, he was for a commission to study unemployment and national insurance and present a plan. As an aid in finding the cause of the steady rise of prices he was in favor of the \$400,000 investigation of monopolies and the cause of the rise of food prices in cost in February, 1917.

For his taxing policy, he declared himself in favor of the income tax, war tax, tax on banks, and excess profit tax. He was opposed to the half-and-half system of taxation in the District of Columbia.

It has been noted that he voted for the Shipping Board and Shipping Corporation to aid in providing shipping facilities.<sup>2</sup> He was also in favor of the establishment of the Bureau of War Risk Insurance.

Although he voted against the Alaskan Railroad project of the administration, he showed himself in favor of internal improve-

ments by voting for the Hetch Hetchy proposition and the two road bills of 1914 and 1916.

It is rather difficult to form a judgement as to his openhandedness with appropriations. It can be said that he was rather consistently opposed to promiscuous dips into the Treasury and voted for appropriations only when they helped the government. For example, he voted to give sums to the Children's Bureau, for more money for a lighthouse tender, for increased appropriations for the building of dry docks in Hawaii, and for \$25,000 for the centenary celebration of the Treaty of Ghent. However, he voted for appropriating \$25,000 to improve the harbor at Vicksburg. He was opposed to appropriating money for such miscellaneous services as aiding fire sufferers in Salem, Massachusetts, in providing for reference librarians, in giving automobiles to the Vice-president and the Speaker of the House, in big appropriations for the Panama Canal opening and for a general sum instead of a specific sum on the River and Harbor Bill. It can be seen that he was not particularly generous with the country's money even when he had to place himself on the side of the minority (as he often did) to oppose appropriations.

It is perhaps interesting to know that though he was in favor of giving congressmen recompense at the rate of five cents instead of ten cents per mile, yet he voted several times for the payment by the mile and not by actual expenses.

Mr. Laver showed himself for the governmental employee in his votes as in everything else. Four times he voted to raise the

salaries of different groups of governmental employees. He voted against attempts to enforce a day of at least eight hours upon them and to use systems of stop watches, bonuses, or premiums to check up on them. He voted for workingman's compensation in the Post Office Department.

For the general workingman he upheld the administration's demands for the Adamson Eight Hour Day Law, and, as we have seen, voted for a commission to present a plan of unemployment insurance.

His votes were tinged by sectionalism which may have been due to his own inclinations or to the influence and sway of his constituents. He voted constantly against confining any relief, such as pensions, etc., to those who were true to the Union in the Civil War, and his attitude on the color question was shown by his votes to exclude all negro immigrants, for prohibiting mixed marriages, for not appropriating any money to Howard University, and even for color separation in the juvenile court of the District of Columbia. Perhaps these votes were forced upon him by the attitude of the voters at home since he did not comment upon the issues.

His attitude on Civil Service is somewhat questionable. Three times he voted against it in projects to allow deputy marshals and deputy collectors to be appointed without regard to it and to allow postmasters to choose their employees without consideration of it. In opposition he has only one vote and that is against freeing the choice of assistant postmasters of the first and second class from the civil service. It hardly overbalances the other votes,

especially that allowing postmasters all leeway. Connected with his stand here may be listed his opposition to making public the endorsements for federal judges.

Mr. Lever voted consistently against bills for excluding the products of child labor (including the produce of the cotton mills of his own state) from all inter-state commerce. He was in favor of regulating commerce in convict labor products, however, and wisely voted for making such goods subject to the law of the state into which they came instead of prohibiting their import into a state where they were unlawful. This was purely a question of policy.

Mr. Lever's attitude was consistently for prohibition. He voted for prohibition every chance he had, but his vote against raising the penalty against those violating the law against supplying liquor to minors shows that he was not very rabid. He voted for prohibition in Alaska and in the District of Columbia, he voted for making illegal the sending of liquor or liquor advertisements through the mails to a dry state, and he voted for speed in the ratification of the amendment by favoring acceptance by legislatures, not conventions, in the several states.

The other proposed amendment to the Constitution, that of women's suffrage, Lever voted against on January 12, 1915. Another interesting vote is one he made May 29, 1914, in which on an issue bound up with a cry of states rights he voted to limit the law putting in force the provision of popular election of senators to three years.



In his votes Mr. Lever showed himself to be substantially on the side of the administration. He voted many times with the minority especially about minor matters, but when a difficulty came up in which the party or the administration felt itself involved Mr. Lever's vote could usually be counted upon. This may have been due to his natural inclinations or it may have been the result of his position as chairman of a committee which would practically force him into line. He showed enough variation in his votes to prove he had a mind of his own.

As has been said before, Mr. Lever interests were almost totally in agriculture. It would be unfair, however, to assert that he never talked about or acted upon anything else. He was interested in learning and education too, in fact he had been on the Education Committee of the House in the 59th Congress, 1905-1907. Perhaps it is partly due to his educational interests that he became one of the chief advocates of agricultural extension work.

Historians should be interested in knowing that as far back as January 21, 1902, he had brought in a bill to publish the historical archives and public records of the states and territories. In April, 1912, he offered a bill providing for the collection, transcription, and publication of material relating to the educational history of the United States, and in each Congress afterwards, in 1913 and 1915, he reintroduced the measure. April 14, 1913, he introduced a bill to investigate illiteracy in the United States and the means of eliminating or reducing it which caused

some favorable comment, and on March 22, 1916, he brought in a resolution authorizing the printing of a brief statutory history of the Department of Agriculture.

Mr. Lever's interest in governmental employees has been noticed in his votes for higher salaries and more easy conditions. In 1906 he had tried to get better conditions for mail clerks and rural mail carriers. January 18, 1912, he introduced a bill for the relief of employees of the forest service injured while doing dangerous work of the Department, such as fire fighting, etc., which he reintroduced in 1913 and 1915 in the other two congresses.

#### Subsequent Life

Mr. Lever resigned his position in the House in 1919 to become a member of the Farm Loan Board where he served until 1922. Then he was made president of the First Carolina's Joint Stock Land Bank, in which capacity he has served down to the present.

## CHAPTER II

### Mr. Lever's Attitude Toward Agriculture 1901-1913

#### What the Problems were

As with the study of Mr. Lever's attitude toward problems other than agriculture, it perhaps would assist in the consideration of his attitude toward this industry to know what the problems of the period were. There seemed to be six of them which bothered the legislator, if not the farmer, more than any others. They were

1. Grain and Cotton Grading
2. Cotton Futures
3. Fertilizer
4. Agricultural Extension Work
5. Rural Credits
6. Warehousing

The farmer raised his produce, took it to town, and sold it with no knowledge of whether he was getting the price he had a right to expect or not. One reason for this was that there was no national uniformity in grading the products. Grading differed as much as individual men differed, and it was extremely likely that not only the farmer but also the grader would be ignorant of the correct classification of the commodity. It was thought that if

agricultural produce could be standardized into types or grades it would not only help to solve some of the marketing problems, but it would render more uniform and fair the price of the product over the country. For example, if one were able to divide cotton into nine classes used everywhere the farmer would know what class his product belonged to, what it was worth, what to expect for it, and could get the same price no matter where he took it. The desire to classify grain and cotton in uniform grades, then, was a part of the struggle of the farmer to get a higher and more uniform price for his product.

Another aspect of this struggle was the agitation against future dealings. Here one must admit the farmer had just cause for complaint. The difficulty lay in the practices of the futures exchanges. These difficulties will be brought out later in a report of the Agricultural Committee of the House on the subject of futures. It will suffice at present to realize that the futures contracts, especially on the New York Exchange, though admirable, perhaps, for the purpose of trading, were such that they were detrimental to the interest of the producer and the buyer.

There had been one great agrarian wave against this futures system which in 1890-1895 had focussed on the Hatch bills.<sup>1</sup> Because of his advocacy of these futures bills Lever's friend, predecessor, patron, and former employer, Representative Stokes, had been severely attacked,<sup>2</sup> and this may have given Mr. Lever a personal as well as an economic and political reason for carrying

on the war against futures practices.

Most of the agricultural leaders of the time were convinced that because of the flow of population from the farms, the decreasing possibilities of the soil, the growth of urban United States and like factors that a scarcity of food products was in the distance, perhaps only twenty-five or fifty years. Mr. Lever shared this view with the rest. It was thought that the United States must soon turn to intensive cultivation in order to produce enough food supply for itself. It was necessary, then, to make farms more productive than before, and in a program of this sort fertilizer would play a large part. The difficulty lay in the fact that the United States did not have these fertilizers needed--particularly nitrates and potash. Chile had a monopoly on nitrate production, and for all practical purposes Germany was the one source of potash.

It was obvious that if a war broke, and it was already throwing its shadow before, America might be cut off from those products just when she needed them most, not only for fertilizer but also for ammunition. The idea of the agricultural leaders, however, was the production of a cheap fertilizer to increase production and put more money into the pockets of the farmer.

If the farmer were to produce more he had to know more, and thus agricultural education was necessary. Since the extension and demonstration work done by Dr. Knapp in the South the system had grown like wildfire. The demands for this work on the agricultural

colleges were so great that they were about to be left without funds for teaching or research.<sup>3</sup> The turning to the federal government was natural, especially since the Department of Agriculture itself was already spending hundreds of thousands of dollars yearly, in both the North and the South, for this work.<sup>4</sup>

The agitation for better facilities for rural credit began to make itself felt 1907-1910. The farmer saw that though he had some of the best security, yet it was often more difficult for him to borrow than it was for others less substantial; and even if he got the money the interest rate was high and the system was not built right as to length for him. A need was felt for relief and equalization of credit facilities.<sup>5</sup>

Tied up to some extent with the problem of rural credits was that of licensing warehouses and their issuance of uniform warehouse receipts. The advantages of laying down minimum standards for warehousing construction, management, and personnel are evident. Safe storage and honest administration are thereby secured. With the issuance of a nationally uniform receipt from these standard warehouses rural credit might be facilitated by the increased ease with which money could be borrowed on a receipt of this kind, especially if uniform grades of the produce were used. In that case the warehouse receipts would be practically a new form of currency founded on actual deposits of valuable produce. By borrowing money on these receipts the farmer almost could market his crops when and where he willed. This problem belonged therefore to the

larger ones of credit and marketing.

The attempts to solve these problems were, in general, attempts to enable the farmer to raise more products and get more money for what he did raise. He was supposed to raise more to keep the United States independent as to foodstuffs and for this extension education, fertilizers, and rural credits were needed. He was supposed to get more for his produce by marketing regulation such as warehousing and futures, by rural credit, and by uniformity in grading.

Though these problems were the main ones of the period they were not the only ones, of course. The roots of Mr. Lever's later ideas and plans for these and other problems lie in his activities from his entrance into the House in 1901 to the period of this thesis beginning in 1913. It is said that Bismark "grew visibly". A study of Mr. Lever's developing interests warrants, perhaps, the same statement concerning him.

It was only natural that he should follow Mr. Stokes in the fight for Rural Free Delivery, and he was occupied with this until about 1906. He wanted it extended in the country and to the small towns, he accused the North of partisanship and injustice to the South in the allowance of routes, and in general he showed his interest in this helpful item of farm life. About the only other idea he had in this period was that the tax on oleomargarine should be repealed so that the South could find a better market for her cotton-seed in this substance.<sup>6</sup>

It is in the 59th Congress, meeting, 1905-1907, that Mr. Lever began to suggest really constructive ideas. He thought that the one crop system was ruinous to the South and that other crops and products should be produced there. He found that the the Department of Agriculture was making some investigations on drug growing in the South with favorable results, and in the House he backed up this new product for the South.<sup>7</sup> Perhaps a more beneficial and significant proposal was that of appropriating \$20,000 "in further developing the dairy industry of the southern states by conducting experiments, holding institutes, and giving object lessons in cooperation with individual dairymen and state experiment stations." He introduced a bill (H.R. 12612) for this purpose January 20, 1906, and got the idea put into the Agricultural Appropriation Bill in committee from whence it passed both houses.<sup>8</sup> This not only began an era of constructive ideas but it is the first parliamentary evidence of his confidence in the efficacy of farm education and particularly farm demonstration.

It is also about this same time that he showed his approval of conservation, which stand he continued through his stay in Congress, by advocating the acquiring of a forest reserve in the southern Appalachian Mountains.<sup>9</sup> He continued his fight for this bill until in 1911 he got the result accomplished by the bill creating the National Forest Reservation Commission.



## 1907 - 1909

In this 60th Congress he continued his work for conservation with a bill (H.R. 27056) enabling "any state to cooperate with any other state in the United States or with the United States for the protection of water-sheds of navigable streams, and to appoint a commission for the acquisition of lands for the purpose of conserving the navigability of rivers." This embodied many of the features later passed in the National Forest Reservation Commission Bill.

It is in this congress of 1907 to 1909 that Mr. Lever's first action on the first of the big six problems of the time -- cotton grading -- is found. In the first session of this congress he succeeded in getting the substance of a measure drawn up by Mr. Burleson put into the Agricultural Appropriation Bill.<sup>10</sup> Mr. Burleson was an expert in cotton and was used later as an adviser on this subject. This stipulation as it was passed on the Agricultural Appropriation Bill took the first step toward a system of cotton grading by appropriating money for allowing the Secretary of Agriculture to conduct experiments and promulgate certain grades which were to be called the official grades of the United States.

## 1909 - 1911

In this 61st Congress two more of the six problems, those of cotton futures and fertilizer, were dealt with by Mr. Lever.

A new wave against the cotton futures practice had begun about 1903 and in 1909 the Committee on Agriculture decided on action.

Hearings were begun in February, 1910, and at the close of the voluminous testimony a sub-committee of five, among whom were Mr. Scott of Kansas and Mr. Lever, drew up a bill (H.R. 24073) for presentation to the House.<sup>11</sup> The so-called Scott bill introduced by this committee followed closely the ideas of Burleson. It used the commerce power instead of the taxing power and was intended to destroy, not purify, the exchanges. It was limited to cotton futures. Its title was "to prohibit interference with commerce among the states and territories and with foreign nations and to remove obstruction thereto, and to prohibit the transmission of certain messages by telegraph, telephone, cable, or other means of communication between states and territories or foreign nations." The Scott bill passed the House but not the Senate. A bill with the same title and presumably much the same contents was introduced by Mr. Lever but got nowhere.

The first step for the solving of the fertilizer problem which Mr. Lever took was in February, 1911, when he succeeded in adding to the Agricultural Appropriation Bill a provision allowing the Secretary of Agriculture authority and money for an investigation in the United States to determine a possible source of potash, nitrates, and other natural fertilizers.<sup>12</sup> In this way the data for an intelligent settlement of the problem was provided for.

#### 1911-1913

In the next Congress (1911-1913) Mr. Lever got this amendment extended, and continued his action against futures, this time

with a bill (H.R. 18323) against futures dealing in the grains. It was modeled after the Scott Cotton Futures Bill but was directed against grain futures instead of cotton. It was not reported.

In this 62nd Congress just preceding the ones of this particular study we find two more of our six problems considered -- those of rural credit and of agricultural extension work.

There is a striking similarity in the treatment he accorded the problem of rural credit as compared with the problem of fertilizers. In both he wanted an investigation and he tacked both on to the agricultural appropriation bill. He introduced a joint resolution (H.J.Res. 294) for a commission to investigate the operation of cooperative land mortgage banks and cooperative rural credit unions as they relate to agriculture and rural conditions in other countries. The bill was not reported, but the idea was incorporated in the Agricultural Appropriation Bill in 1913.

It was on June 12, 1911, that Mr. Lever began the parliamentary history of his agricultural extension work program by introducing a bill to establish extension departments in connection with the agricultural colleges and experiment stations.

The main ideas in this bill (H.R. 11542) came from the Association of American Colleges and Experiment Stations which since 1909 had been advocating federal appropriation and had laid down a general plan and a bill for it.<sup>13</sup> Hearings had been held on the bill as introduced by Mr. McLoughlin, a Representative from

Michigan, in February, 1910, and of course Mr. Lever must have absorbed quite a little of the plan then. His bill followed the McLaughlin bill very closely and was not reported from committee. Instead a modified form of the Lever bill was drawn up by the executive committee of the Association of American Agricultural Colleges and Experiment Stations, officers of the National Soil Fertility League, representatives of the Department of Agriculture, and Mr. Lever. This bill was introduced almost simultaneously in the Senate and House by Senator Smith of Georgia and Mr. Lever.

The bill was changed slightly after hearings were held on it, was introduced into the House again as a new bill by Mr. Lever on April 14, 1912, and was favorably reported to the House 19 days later. The House passed it with amendments that the demonstration work of the Department should not be interfered with and making obligatory the spending of at least 75% of the sum appropriated for actual demonstration work.

The Senate committee reported it back favorably, but the Senate itself substituted for the bill the Page bill which provided large sums not only for agricultural extension work but for vocational education of all sorts along with other things. The conference committee, of course, could not agree and though the attempt was made in the Senate to recede it failed for lack of time and the bill was lost for this congress.

This summary has covered rather hurriedly Mr. Lever's agricultural interests in Congress up to the time when he became

chairman of the Agricultural Committee in 1913. It may be noticed that his interests had expanded alongside his constructive proposals. He had secured an authorization for the Secretary of Agriculture to establish official cotton grades which might be used as a stepping stone later for the enforcement of these grades on the trade. He had secured an investigation to determine sources of potash, nitrates, and other natural fertilizers. He had endeavored to get bills through against both cotton and grain futures by using the commerce clause. He had aided in securing an investigation of cooperative land mortgage banks and cooperative rural credit unions. And he had aligned himself with the leaders of the agricultural extension work movement and had served as their aide in Congress, being blocked in his attempt to get the bill through by the advocates of complete vocational education.

## CHAPTER III

### The Cotton Futures and Extension Bills 1913-1915

#### Cotton Futures

When Mr. Wilson came into the office of President of the United States in 1913 he determined to call an extra session of Congress for the summer of that year to settle some of the problems confronting the new administration. This special session met April 7, 1913, and Mr. Lever was chosen chairman of the Agriculture Committee.

The tariff was the most important item of legislation in this special session. The attempt was made to add a bill to eliminate cotton futures dealing to this measure. The bill passed the House as a measure confined to revenue strictly, but in the Senate about 650 amendments were added. One of these, the so-called Clarke amendment, put a tax of 1/10 cent a pound on cotton in future contracts and was aimed at the goal of destroying the exchange altogether.

By this time Mr. Lever had made a complete change in his policy. He had stood for the Scott and Beall bills in 1911-1912 which tended to overthrow the exchange, but now, for some reason, he had come to the realization that the exchanges played valuable parts in the marketing of the cotton, and that what was needed was not the

abolition of the exchange, thus disrupting the market, but a regulation of the practices and procedure of the exchange so that the evils would be eliminated and leave the good remaining. He was opposed to the two groups in the House, therefore, one of which wanted to destroy the exchanges and the other which was averse to any action whatever. Mr. Lever took the middle ground -- that of regulation.

When the conference report was made in the House on the tariff bill it contained an agreement on all the amendments except the Clarke amendment. The Representatives were unwilling to accept this amendment and the Senators would not accept an amendment or a substitute for it offered by Mr. Underwood and so this item was in controversy.

The matter was brought up in the House on September 30, 1913. In the debate on the Clarke amendment and the Underwood substitute, Mr. Lever made a speech which traced the history of this amendment and set forth his stand on the question. This speech is summarized in the next eleven paragraphs.

He stated that the question was vital, not only to the United States but to the whole world because cotton was an international product practically monopolized by the United States and about two-thirds of its cotton was shipped abroad. This was sufficient to keep the balance of trade in favor of the United States. The machinery of cotton distribution had existed since the Civil War and was extremely delicate and sensitive. Its movements were felt everywhere.

Congress would have to act in this situation with prudence

and caution, Mr. Lever continued. It was no time for radicalism. Cotton was selling in the South at fourteen cents a pound and the farmer would certainly avenge himself upon anyone who recklessly tampered with the machinery by which the crop was moved, thus, perhaps, causing a slump in price.

According to Mr. Lever the Senate had given little attention to the Scott and Beall bills which passed the House and were intended to eliminate gambling transactions but now, he said, it had unfortunately added this Clarke amendment to a tariff bill where it obviously did not belong. This put the responsibility up to the House.

There were three groups in the House, he continued. First, there were those who thought any legislation unwise, including those who upheld the exchange always and those who were afraid of the consequences of meddling. Second, there were those who believed the evils of the cotton exchanges were inherent in their existence and who wanted to destroy them. Third, there were those who took a conservative attitude in the radical stand. They were half-way between the others. They realized there were uncommercial, uneconomic, harmful, and vicious practices connected with the exchange. In spite of this, however, they believed these practices could be eradicated without destroying the exchanges and wished to do so because the exchanges, if properly controlled or supervised, could perform most useful functions in the prompt distribution of



the cotton crop and in giving at short intervals an accurate picture of the trade. This third group wanted to correct the abuses by law and force the exchanges to serve their original purposes.

Mr. Lever said that he stood with this latter group because he wanted to legislate and here was an opportunity. Inaction was not to be accepted. "I am not satisfied with their (the cotton exchanges) methods," he said. "Years of study and investigation have convinced me that at least some of them have perverted their legitimate functions into a system of operation, through an unfair and indefensible contract, distinctly, positively, unequivocally hurtful to the cotton trade, and especially to the man who in the sweat of his brow produces the raw material." One must either legislate now or take chances with the future, he believed.

He stood with this third group also because his years of study and the best thought of students upon the question convinced him that the harmful practices of the cotton exchange could be eliminated "without recourse to such radical, dangerous, and doubtful methods as are proposed by the Clarke amendment." Mr. Lever believed no one knew what this amendment would do though its advocates admitted their purpose was to destroy the exchanges.

As for the Underwood amendment, commonly known as the Smith-Lever amendment, Mr. Lever believed it would bring a gradual but a certain reform in the practices of the exchange. He traced its history by saying the general ideas of the amendment came from a bill introduced into the Senate (and favorably acted upon several

times by its Committee on Agriculture) by Senator Ellison D. Smith of South Carolina, who had given twenty years of thought to the problem. They also came from the Herbert Knox Smith report of the Bureau of Corporations as reported to the House in 1909.

"The practical difference in the plans," Mr. Lever continued, "is found in the different powers of the constitution relied upon, Senator Smith finding his in the commerce clause, and I, on account of the parliamentary situation, finding mine in its taxing power. In essential thought and purpose they are identical."

The amendment, said Mr. Lever, was drawn up at his suggestion by the experts of the Departments of Agriculture and Commerce upon his suggested lines of thought. The first draft was submitted to Postmaster General Burleson, "an authority upon matters touching exchanges", and then it was given to President Wilson "who after careful consideration of it and a thorough agreement with the objects sought to be attained by it placed it with his approval into the hands of Mr. Underwood."

Mr. Lever said he disapproved of gambling on exchanges as much as anyone as his past record for the Scott bill, etc., showed. However, the Clarke amendment would either destroy the exchanges and put the whole trade into the hands of the big spot dealer, the big spinner, and the big gambler and the farmer would be at their mercy, or it would simply put a tax of 50 cents a bale on each bale of cotton sold by the southern farmer. He believed that the latter would be the

result achieved and the South would find herself taxed \$7,000,000 a year.

He concluded by analyzing the Underwood or Smith-Lever amendment and came to the conclusion that it was better to regulate than to destroy.<sup>1</sup>

Evidently the majority of the House concurred in this attitude for by a close vote of 171 to 161 the Smith-Lever or Underwood amendment was substituted for the Clarke amendment on September 30, 1913.

The Senate disagreed with this substitution and it looked as though the fight was on when suddenly, October 2, the Senate repealed the Clarke amendment. The House repealed the Underwood substitute the next day, and the tariff went through with no cotton futures regulation whatever.

An explanation of this action is contained in the New York Times for January 24, 1914. It said that the agreement to eliminate the Cotton Futures measure from the Underwood Tariff bill was coupled with the understanding that the measure would be taken up at the next session of Congress and that President Wilson was a party to this arrangement. Perhaps the President himself procured this agreement that there might not be a long fight over cotton futures legislation, thus delaying the tariff bill by no one knew how long.

Perhaps the President's participation in this agreement to take up cotton futures in the next session was shown by his speech

quoted in the Times in the article just mentioned in which he said he was indifferent to what Congress did about the exchanges since it was not in the party platform, but he would not be in opposition to an act of Congress along this line. At any rate this speech forecast action in this second session.

On April 7, 1913, the first day of the special session, Senator Ellison D. Smith of South Carolina had introduced a bill (S. 110) excluding the futures operations from the use of the mails. This bill was passed by the Senate and presented to the House April, 1, 1914. It was probably because of this bill that on April 2 and May 18 Mr. Lever introduced bills taxing the privilege of dealing on exchanges in cotton future contracts.

The House Committee on Agriculture substituted for the Smith bill the Lever bill of May 18 (H.R. 13643) and reported it back to the House June 4. Both of these bills were aimed at the regulation and not the abolition of the exchange seemingly, although Smith's certainly was not so complete as Lever's, and it utilized a different method, that of the commerce power of Congress instead of the taxing power.

The report of the committee analyzed the Lever bill and stated that the only difference between it and the Smith bill was in the method used. Because of the intimate connections between futures and spot cotton prices regulation was necessary for the farmer to get a just price.

The committee said it had proceeded cautiously. It was in

favor of regulation rather than abolition of the exchanges because the latter would have put all the power into the hands of the few, deprived farmers of marketing conveniences, and would have been contrary to the wishes and attitude of the Senate. The exchange could and should maintain a market and reasonable parity between spot and futures cotton. A very significant statement in the report follows: "Exchanges may become useful functionaries in stabilizing prices, in furnishing correct quotations of the market value of cotton, in eliminating the risks of violently fluctuating values, in reducing the profit of the middleman, in furnishing a ready market for cotton at all times and in all markets at its market value, and in maintaining a reasonable parity between futures and spot quotations -- the latter being of the utmost importance."

Saying that the present system of futures cost the farmers from fifty to one hundred millions of dollars annually, the committee analyzed the reasons for these conditions as five.

1. Multiplicity of standards.

Uniform standards were recommended in the Herbert Knox Smith report in 1908. In 1909 official standards were authorized. With uniform standards the farmer should receive a uniform price and know what his product is worth.

2. Fixed difference between grades in the settlement of the contract.

The fixed system used on the New York and other exchanges set at certain times (in New York twice a year) arbitrary differences between the values of the different grades of cotton with middling as a basis. Though the commercial or actual value difference might and often did fluctuate wildly this fixed difference remained the one the contract was settled on. This was obviously unfair and allowed speculation a wide field. The commercial or actual trading differences

in value of the different grades on the spot exchanges was more fair.

3. Low unsuitable grades could be delivered.

This unuseable stuff, though worthless, was kept and traded around depressing the market. The provision to eliminate this practice in the bill would eliminate from use a certain percentage of the cotton crop, but it was the only thing to do.

4. Failure to specify the grade to be delivered.

Under the so-called pro-forma delivery the buyer received in fulfillment of the contract a warehouse receipt which did not tell the grade delivered. This, of course, made the buyer buy blindly. It caused delivery of undesirable grades, and it wasted valuable time in completing the contract, finding out whether the cotton was useable, etc.

5. Present system was secretive and unregulated.

Publicity was provided for in the bill because it scares away evil doers.

The whole purpose of this bill, the committee concluded in its report, was to compel the use of such a contract as would by quotations of its value reflect accurately and truly the value of spot cotton of spinable and useable quality. This new contract would enhance the value of the cotton crop one hundred millions of dollars or more annually.<sup>2</sup>

The report sounded very much as though it were written by Mr. Lever, and if it were not, it certainly expressed his ideas upon the matter as may be ascertained by his other statements.

The bill was taken up in the House June 29, 1914. After a short debate in which Mr. Lever said that a more radical bill was not forthcoming and it would be this one or none at all, the Senate bill with the Lever substitute was passed 84-21 and sent to the Senate.

That body consented to the substitution and in spite of the cries of the New York Times and other agencies that the bill would destroy totally the New York Exchange<sup>3</sup> it raised the tax from one to two cents and also provided that the Secretary of Agriculture could alter the official cotton grades with sufficient notice.

These amendments were accepted in conference, the conference report was accepted in both houses, and the Act was signed by the President August 18, 1914.

In the debate over the acceptance of the conference report on July 27, Mr. Lever disclosed the influence of the Farmers Union upon the bill. It was stated that Mr. Barrett, the president of the Farmers Union, was opposed to the Cotton Futures Bill, to which Mr. Lever replied that he knew as much about the needs and desires of his constituents as anyone, and that though Mr. Barrett was a likeable man personally, he hadn't given the thought to the subject which Mr. Lever said he had. Mr. Barrett and other Farmers Union men had been invited to the hearings on the bill, but they did not come nor did they send any suggestion.<sup>4</sup> Evidently the Farmers Union men were apathetic, or perhaps, like Mr. Barrett, openly opposed to the legislation.

The act as passed laid a tax of two cents per pound on cotton of future contracts but two classes of contracts were exempt from this tax.

1. Any contract complying with the following conditions:
  - a. Conform to the act.
  - b. Specify authorized grades, prices, and dates of making

the contract and of delivery. (middling was to be the basis of settlement if not specified)

- c. Standard official grades used.
- d. Commercial differences were to be the basis of settlement.
- e. No prohibited cotton of low grade was to be delivered.
- f. Delivery of full number of bales or weight.
- g. Disputes might be taken to the Secretary of Agriculture.

2. A contract complying with the following conditions:

- a. Conform to the act.
- b. Specify grade, price, and date of contract and delivery.
- c. Delivery of a specific grade compulsory.
- d. Actual transfer of cotton.

This last class was obviously that of the regular mill buyer for manufacture.

The bill further required written contracts, provided for the means of paying the tax, proclaimed contracts not conforming to the law were not enforceable, made violation of the act a misdemeanor, and provided appropriation for enforcement.

It provided for the machinery for determining the real commercial difference between grades and put this power into the hands of the Secretary of Agriculture who also could change the grades.

In section eleven of this act the future contracts of United States citizens on foreign markets were made to comply with the requirements or pay the tax.<sup>5</sup>

It is easily seen that this bill was merely an attempt to force the use of such contracts as were thought to be desirable and it did not intend to do away with the exchange at all. Its two main elements, those of enforcing uniform standards and the use of com-



mercial differences, had been recommended in the Herbert Knox Smith report referred to before.

An appraisal of the act by I. Newton Hoffman at the time said it "should prove one of the most beneficial legislative acts ever passed by the American Congress." About the only objection to the act, he said, came from the provision taxing foreign contracts unless they lived up to specifications because this put a stop to foreign trade by United States citizens and eliminated their chances of hedging. It gave the European an advantage, it was alleged. In spite of this, the article said, the act was workable, fair, and just and protective of the interest of both buyer and seller.<sup>6</sup>

#### Agricultural Extension

Perhaps the main carry-over from the previous sessions of Congress before 1913 so far as agriculture was concerned was the deadlock in 1913 between the Lever bill for agricultural extension work and the Page bill for vocational education.<sup>7</sup> The same situation was forecast at the beginning of the special session of the new Congress in April, 1913, by the fact that both the Page and Smith-Lever bills were reintroduced in the Senate, and on April 7, the first day of the session, Mr. Lever reintroduced his bill in the House.

It is problematical whether anything could have been done for passing either of those bills, had it not been for Senator Hoke

Smith of Georgia. He advanced a proposal to side-track the Page bill for a while by creating a commission to consider the need of and report a plan for national aid to vocational education. Then he succeeded in getting the adherents of the Page bill to advocate this measure which thus postponed the consideration of vocational education and left the way clear for the Extension Bill. Incidentally, this commission was not created until January 20, 1914.

This difficulty was hardly out of the way when another problem arose. The Department of Agriculture and others interested feared that the passage of the Lever bill would not only endanger the farm demonstration work of the department where a million dollars were spent annually, but it would also increase the friction between national and state agencies, because the bill as introduced provided merely for the establishment of separate agricultural extension departments in the various agricultural colleges which, one might easily see, could find their work duplicating and conflicting not only with the national work but also, perhaps, with each other.

Because of this difficulty a conference was held in May with the Secretary of Agriculture, members of the executive committee of the Association of American Agricultural Colleges and Experiment Stations, Senator Hoke Smith, and Mr. Lever.

This group drew up a new form for the Extension Bill. The great change from the old bill was the providing for "cooperative "

agricultural extension work by necessitating an agreement between the Secretary of Agriculture and the agricultural colleges as to the work to be carried on. This put the Department of Agriculture at the head of the entire national work. The hand of the Federal Government was placed directly on local projects and, though the old generation of states rights men may have turned over in their graves, it is evident that this would eliminate the possibility of myriads of departments of extension work, each going its own way without let or hindrance.

The new bill was introduced simultaneously into both Houses September 6, 1913, by Messrs. Smith and Lever.

A week after the special session of the summer ran without a break into the regular session on December 1, the Extension Bill (H.R. 7851) was reported back by the Agriculture Committee. The report as submitted by Mr. Lever favorably recommended the bill to the House.

The bill, according to this report, was an attempt to make the great store of scientific and technical knowledge which had been accumulating for years in the laboratories and experiment stations of the government available to the farmer by field demonstrations and ocular evidence. The committee enlarged upon the value of this sort of work. It said the farmer was skeptical of new methods and the printed page or lecture did not convince him. On the other hand, the demonstration work, as inaugurated by Dr. Seaman A. Knapp in the South and as it existed in most European countries, was said to be

a decided success, having the results of increasing the farmers' productivity and his money on hand, giving him a better living, and teaching him by good marketing to get the most out of what he raised. As a result of this bill, the committee said, county agents were planned not only for the education of the farmers but for the instruction of their wives in home economics and management.

The report continued by saying that the danger signals of the decrease in rural population, bigger demands for crops, and decreasing fertility of the soil showed that legislation was needed to increase production and make living on the farm more attractive. <sup>6</sup>

The bill came up in the House January 19, 1914, and after a little debate in which Mr. Lever spoke along the line already presented in the report it was passed 177--9 with an amendment offered by Mr. Lever himself stating that the farm management or demonstration work of the Department of Agriculture was not to be interfered with until the development of this system. Amendments in the Senate and in conference committee increased the amount appropriated and shortened the time required to reach the maximum amount, and with these changes the bill passed and was signed by the president, May 8, 1914.

The bill as passed may be summarized thus:

Section 1. -- Agricultural extension work might be inaugurated in the Land Grant Colleges to aid in diffusing useful and

practical information on subjects relating to agriculture and home economics and to encourage their application. Pending the inauguration and development of this cooperative demonstration work the farm management or demonstration work of the Department of Agriculture should not be discontinued.

Section 2.-- "That cooperative agricultural extension work shall consist of the giving of instruction and practical demonstrations in agriculture and home economics to persons not attending or resident in said colleges in the several communities, and imparting to such persons information on such subjects through field demonstrations, publications, and otherwise; and this work shall be carried on in such manner as shall be mutually agreed upon by the Secretary of Agriculture, and the state agricultural college or colleges receiving the benefits of this act."

Section 3. -- A permanent annual appropriation of \$480,000 (\$10,000 for each state) was set aside.

Another appropriation was set aside of an initial sum of \$600,000 increasing yearly by \$500,000 until the permanent annual appropriation of \$4,100,000 was reached, i.e., at the end of seven years.

The appropriation of \$10,000 for each state was given with no strings attached except that it was to be used in this service. The other appropriation was apportioned out among the states according to their percentage of the total agricultural population of the

United States and had to be duplicated dollar for dollar by the state from state, county, local, or individual funds. To get the funds the work of the colleges had to be approved by the Secretary of Agriculture.

The other five sections laid down mechanics of payment, required reports, etc.<sup>9</sup>

This act adopted the idea of the county agent, and though the system was not mentioned in the act itself the report showed that the nationwide extension of this plan was anticipated. It was this act which probably made possible the extension of the plan to its present limits, was largely responsible for the great growth of the Farm Bureau movement, and seems to mark the peak of the agricultural education program by carrying learning to the individual farmer.

The two acts of cotton futures regulation and agriculture extension work appropriation were the two great agricultural accomplishments of the 63rd Congress (1913-1915). The latter was only partially the product of Mr. Lever's mind and perhaps he was not responsible at all for any of its provisions. His contribution to that act was its manipulation in committee and on the floor of the House so that its passage was secured, and credit for this must be shared with Senator Hoke Smith of Georgia. The Cotton Futures act more largely belonged to Mr. Lever. The general idea he got from Senator Ellison D. Smith, but it seems to have been he who was

able to produce a workable, fair, and efficient act and get it through Congress.

Of course, there was other action on agricultural problems in this 63rd Congress, but these subjects belong in the next chapter.

## CHAPTER IV

### The 64th Congress - Rural Credit and Warehousing Acts

#### The Summer of 1915

Between the 63rd and 64th Congresses in the summer of 1915 occurred two interesting facts. The first was that in the middle of August when the Allies were about to declare cotton contraband, thus further darkening the situation in the South, Mr. Lever advanced the proposal to the President of sending an unofficial commission of cotton growers to England to discuss the situation with the English government and the cotton spinners. The President promised him that definite steps would soon be taken to better the conditions in the South, considered his proposal, and said that the first step would be a note to Great Britain protesting against interference with neutral commerce.<sup>1</sup> This promised a firmer attitude toward such things as the warehouse and rural credit problems in the next congress.

The second matter of importance was that on October 13, 1915, in the case of Hubbard vs. Lowe, Judge Hough of the United State District court of the Southern District of New York declared that the Cotton Futures Act was a violation of article one, section seven, of the Constitution and hence was void.

It has been noted that this bill had originated in the



Senate and was sent to the House where Mr. Lever's bill had been substituted entire for it, leaving only the enacting clause and the number of the bill as it came from the Senate. The Constitution said all bills for raising revenue must originate in the House and the question had been whether the substitution of a House bill made it come under that clause. The court declared the bill unconstitutional solely upon the ground that a substitution, though it be an entire bill, did not bring the act into accordance with the constitutional provision.<sup>2</sup> The power of Congress to tax for the purpose of regulation or destruction had been decided affirmatively by the court in the oleomargarine case years before.

#### The Repassing of the Futures Act

The 64th Congress met December 6, 1915, and again Mr. Lever was made Chairman of the Agricultural Committee in the House.

He soon set the machinery rolling for another Cotton Futures Act. On January 6, February 12, and February 19, 1916, he reintroduced bills for futures regulation. The last one was reported back to the House favorably on February 21.

The main modification of this act (H.R. 11861) from the other was the alteration of the provision relating to the tax on foreign dealing which, as has been seen, was the main objection against the bill as passed in 1914. This new bill kept the ideal of the previous one, but it was not necessary for future contracts

on foreign exchanges to conform literally to the requirements. Hedging on foreign markets was allowed without tax payment, and foreigners trading in the United States were compelled to obey the act. The authority of the Secretary of the Treasury was clarified and strengthened also in the new bill.<sup>3</sup> The bill and the report were not taken up until April 28 when by a special rule Mr. Lever succeeded in adding the whole act to the Agricultural Appropriation Bill for 1916-17.

In the debate upon adding the act to the Appropriation Bill Mr. Lever stated his position on Section eleven, that relating to futures contracts on foreign exchanges and by foreigners on exchanges in the United States. He was apposed to its total exclusion. The section was put into the bill for two reasons, he said. One was to prevent evasion of the law and the other was to provide, if possible, an international standard of grades and contracts. Mr. Lever was particularly concerned about the latter because the Department of Agriculture had been trying to persuade foreign exchanges, particularly the English exchanges to accept the system of the United States and this act would help in enforcing its use onto the foreigners. Sixty-six per cent of American cotton was exported, said Mr. Lever, and it was necessary to protect home producers from improper grades and contracts. In answer to objections to the section, he said that the act did allow hedging without payment of tax yet kept the United States in control of its own

exchanges. It did not discriminate in favor of foreigners, for it compelled foreigners to pay the same tax Americans paid, if they traded on American exchanges with improper future contracts.<sup>4</sup>

In spite of these desires to have the section go through the entire provision was struck out in conference and the bill as passed imposed no tax on foreign exchange dealing.<sup>5</sup>

### Cotton and Grain Grading

One of the two main achievements of the Cotton Futures Act was the enforcement of the use of official grades for cotton on all futures contracts and therefore all futures exchanges. Mr. Lever, however, felt that this was only one step forward and not the goal. On March 11 and August 22, 1914, to accompany the first Cotton Futures Act he had introduced bills for making the use of the official standards mandatory in all transactions in inter-state or foreign commerce sold by grade. The latter bill (H.R. 18492) had been reported favorably from committee with the statement that 90% to 95% of all the cotton of the country entered into foreign or inter-state trade and 75% of it was at some time sold by grade.<sup>6</sup> The bill had never been taken up.

On the same day that this first cotton grading measure had been introduced, March 11, Mr. Lever brought in his first and only bill (H.R. 14493) for uniform grain grading. It died in committee.

The project was renewed with the passage of the second

Cotton Futures Act and the Grain Grading Act, both of which were added to the Agricultural Appropriation Bill in 1916. With the latter act Mr. Lever had very little to do except that he was in favor of it. It offered a good precedent, however, for a cotton grading bill. On March 14 and May 23, 1916, therefore, Mr. Lever introduced cotton grading bills, and the latter (H.R. 15913) was reported favorably on May 27, 1916.

The report accompanying the bill stated that its purposes were

1. The establishment of uniform cotton standards throughout the United States.
2. The ultimate adoption of universal standards for American cotton.
3. The establishment of better business practices.
4. The securing to the producer the benefits of fair grading.
5. Governmental arbitration on spot cotton.<sup>7</sup>

The main provision of the bill was that all cotton in foreign or interstate commerce must be sold by official grades if sold by grade at all.

This bill was not taken up in the House until January 3, 1917, when Mr. Lever brought it up and spoke on it.

Under the provisions of the Cotton Futures Act, he said, the Department of Agriculture was authorized to establish official cotton grades. They had been established and their use was now compulsory in cotton futures contracts. Many spot-cotton exchanges

not dealing in futures had adopted these grades but some had not. The purpose of the act, he said, was to compel all cotton business within reasonable limitations to be on the grades fixed. The act was pronounced a companion to the Grain Grading Act passed the previous session though it was not as strict.

Students of economics, said Mr. Lever, agreed more and more that standardization was very important if the farmer was to get full value for his produce. The whole tendency of the time was toward standardization of agricultural products and their transactions, he said. This was evidenced by the fact that Congress had just passed a standard barrel and basket act which he voted for.

Another purpose of this act, he stated, was to try to get the world on a universal basis for cotton grading. 66% of the American cotton crop was exported and some of the foreign standards were disadvantageous to the cotton grower in this country, he contended.

This act, he continued, gave the Secretary of Agriculture power to investigate methods of handling and grading cotton so as to help eliminate waste. The big items, however, were the provisions for licensing graders and for appeal to a board of experts in case of dispute so as to secure honest grading. It was essential, Mr. Lever said, that the cotton be graded well. It had been found, for example, that in many cases in the South a lower grade sold for a higher price than one which was really of

higher grade because of difficulties in uniformity, etc. Care in grading was particularly important because of the fact that only about 5% of the farmers of the South could grade the cotton they sold, according to Mr. Lever.<sup>8</sup>

The bill passed the House January 3, 1917, but did not get through the Senate.

### Fertilizers

It has been noted<sup>9</sup> that in 1911 Mr. Lever had provided in the Agricultural Appropriation Bill for an investigation as to sources of potash, nitrates, and other fertilizers in the United States. One of the largest and most useable sources for potash lay in the immense beds of Giant Kelp on the Pacific Coast. This great sea weed contained a very high percentage of potash and on January 20, 1914, Mr. Lever introduced a bill (H.R. 11969) providing for the printing and publishing of maps and reports of these kelp beds. Though this bill was never taken up as such, it was included in the appropriation bill of 1914-15 with an appropriation of \$7,000.<sup>10</sup>

When the bill for increasing the efficiency of the military establishment came up in the House in 1916, one of its provisions provided for the building of a nitrate plant. The motion came on March 23, 1916, to strike out this provision. Mr. Lever was in favor of the plan but was afraid it could not be carried and so as a compromise he offered the proposition of a

Commission of the Secretaries of War, Navy, Agriculture, and Interior to investigate means of making nitrogen compounds and potash in the United States.<sup>11</sup> The compromise failed, however, and the provision was struck out. Two days later Mr. Lever introduced his proposition in the form of a resolution (H.J.Res. 189) creating a "commission to ascertain the best methods of producing within the United States nitrogen compounds and potash for use in the manufacture of fertilizers and munitions of war."

When the bill came back to the House, Mr. Lever again offered his same amendment on May 8. His statement upon that day showed his attitude. An amendment had been proposed by Mr. Hay and Mr. Foster providing for a nitrate plant which was equivalent to Muscle Shoals. Mr. Lever declared himself in favor of such an amendment and though he offered his project he said he did so only on the theory that possibly everything else would be voted down and his proposition might remain, thus improving the situation for the final attainment of a government nitrate plant. The rates on fertilizer were controlled by a few concerns and it was necessary in the promotion of agriculture to furnish the farmers the cheapest possible ingredients for fertilizer, for that would aid preparedness economically, Mr. Lever said. He wanted to add potash to the proposition but that was impossible.<sup>12</sup>

#### Minor Bills

In January, 1914, Mr. Lever introduced a bill (H.R. 11902)

to determine relative spinning values of the different standardized grades of cotton, but it never emerged from committee. He was equally unfortunate in attempting in 1916 to secure the collection and publication of statistics of the production and consumption of cotton and cotton goods in foreign countries.

In December, 1913, he had introduced a bill authorizing the director of census to collect and publish statistics of cotton seed and cotton seed products. In the interests of the manufactures of these products he reintroduced the bill (H.R. 4767) December 14, 1915, and succeeded in getting it accepted and signed.

It was in 1916 that the Federal Road Act was passed providing for \$25,000,000 for the assistance of the states and based upon the 50-50 proposition for appropriation as was the Extension Act.<sup>13</sup> Mr. Lever was naturally in favor of the bill because, as he repeatedly stated, one of the difficulties with country life was the difficulty and slowness of communication, and he had voted for the Good Road Bill of 1914.

When the bill came up on June 28, 1916, Mr. Lever spoke for it in a speech which showed his attitude not only toward good roads but also toward conservation.

He intended to vote for the bill, he said, because he was in favor of federal aid in road building and because he was in favor of the conservation of the natural resources of the country through a "proper and sane development of them."

The bill, he said, had the double advantage of aiding the



farmers in taking their produce to market more inexpensively and thus allowing the buyer to buy more cheaply and also aiding conservation because it aided in the development of the forests. "I am a conservationist," he continued. "I have stood here for fourteen years to prevent private corporations and big business either from bottling up the natural resources of this country or entirely gobbling them in their own interests. I stand here now opposed to exploitation of the property that belongs to all the people of the country by and for a few great private concerns. I am not such a conservationist as to fail to see the absolute necessity and the wisdom of developing to their full capacity and service the natural resources of the country.....I am interested in the development of that property (our forested area). I want to see it bring into the Treasury a fair return. I think I have sense enough to know that a great forest with hundreds of millions of acres of standing timber in it will never be of any use to the people of this country until we have some means of getting into it and developing it." <sup>14</sup> His stand of conservation by development could not be made more clear.

#### The Theory of Mr. Lever's Attitudes

As the evidence on Mr. Lever's attitude toward agriculture one has his votes, his projects, and his statements. The former might be called the practice of his attitudes or their results. The last sometimes assists in the understanding of his

attitude by explaining his actions.

Annually for the four years 1913-1917 Mr. Lever as Chairman of the Agricultural Committee had as his main duty the introducing and guiding of the agricultural appropriation bills and the acting as their chief proponent on the floor of the House. One cannot read his statements in the general and specific debate on this bill without admiring his ability, his forcefulness, his desire to help the farmer, and his unfailing courtesy in those days of defense which were often very trying and which necessitated in the defender an extensive and appreciative knowledge, not only of every provision of the bill, but also of the entire range of the activities of the Department of Agriculture. He stood firmly behind the Department and its policy, but not so firmly that he was unwilling to improve by change or give way on non-essentials. His careful handling of the bills and his kindness seemed to allow them to slip through with the least possible friction.

The Agricultural Appropriation Bill for the year previous to Mr. Lever's accession to the chair of the Agricultural Committee provided for the expenditure of \$17,986,945, exclusive of permanent appropriations which raised the total up to about \$25,000,000.<sup>15</sup> The appropriation bill for the Department in 1917-18 had risen to \$25,929,113, exclusive of the permanent appropriations,<sup>16</sup> or an increase of almost 80%.

It is clear that the Department of Agriculture was being supported liberally by the administration and incidentally, of course,

Mr. Lever in particular.

As chairman of the Agricultural Committee he made two main speeches. They were in 1914 and 1916 in defense of the appropriation bill and show his attitude fairly accurately. They will be treated rather fully in the following paragraphs.

The speech on March 3, 1914, deserves attention because it analyzed the Agricultural Appropriation Bill of that year and because in it Mr. Lever voiced his stand on the agricultural situation.

The first part of the speech was utilized in a comparison between the money paid out for other enterprises and that appropriated for agriculture. He showed that only about one-half of the annual appropriation and about 38% of the permanent and annual appropriation went directly to the aid of agriculture. The remainder was used for the police powers of the Department and for its other duties. This speech stated that Congress spent \$15.50 for the navy, \$10.00 for the army, and \$20.00 for pensions to every dollar spent for the direct aid of agriculture. Although the agricultural capitalization of the country was more than forty-two billions of dollars and although agriculture produced yearly nine billions of dollars worth of produce, only nine-tenths of one percent of the yearly appropriations made by Congress were given to agriculture.

Mr. Lever believed that the greatest security against invasion rested not in the army or the navy but in the contentedness,

prosperity, and happiness of the agricultural classes as is shown by his statement, "I should ten times prefer to see the approach of a foreign fleet to our shores than to see the time when the American people are not self-sustaining in their meat and food supply." He said that each dollar spent for agriculture was "an investment which will bring returns to the people in the way of improved and more profitable methods of agriculture, better living conditions, and a larger food and clothing supply."

He continued with a gloomy analysis of conditions at that time. In 1880, 70.5 % of the people of the United States were on the farm while in 1910 only 53% were so classified and in reality only about 28% of the population lived on the farm. In 50 years, he said, unless this movement was stopped less than 20% of the people must feed the other 80%. His question was, "Could they do it?"

According to Mr. Lever, this shift of population to the city was caused by the better opportunities there for intellectual, social and financial well-being -- because educational facilities were better there, because communication was better there, because it was believed that the city offered greater remuneration for labor, and because country life was thought to be monotonous, irksome, and ill-rewarded. He felt that the movement was dangerous because, though preparations for military defense and the cities could be neglected, the food and clothing supply could not and must not be.

Facing such things as decreasing meat production, decreasing grain production, the diminishing timber supply and the diminution of coal and minerals, Mr. Lever said that soon only the soil would be left. He predicted that in 1960 the population of the United States should be about 238,000,000 which would produce a very serious situation, especially with such problems as the annual loss of \$212,850,000 through disease in meat producing animals.

To meet this situation, Mr. Lever said, it was obvious that people must be kept on the farms, that intensive methods of farming must be used, and that the land of the United States must be utilized to its utmost. This could be done, he thought, with no danger of a surplus, for he said, "I do not think that the time is ever coming when the farmers of this country are going to be forced to sell their products for much less, if any, than they are now receiving, for increased consumption coupled with decreasing production will maintain a high standard of prices."

Mr. Lever thought that the farmer should be encouraged not only for his productivity but also because of his service of defense. He said that the farmer had been the defense in the past against invaders and in the future must protect the country from the anarchy of the city, and that "the perpetuation of representative government, the continuance of our present system, depends more upon the prosperity, happiness, wealth, education, conservatism, and the patriotism of the American farmer than upon

any other factor."

The improvement of production was not the only thing Mr. Lever desired. The farmer must also be instructed in marketing. He said, "I do not believe there is any more important problem to come before this Congress than that of the encouragement of the production of our meat and bread supply and the preservation of the same.....(however) I believe that it would be criminal, absolutely so, for this Congress to give to the farmer the means and the encouragement for increased production unless at the same time we give him the means and the encouragement for a more economic distribution of his products." He said it was estimated that 57% of the value of farm produce was lost between the producer and the consumer, and it was because of this that the Bureau of Markets was at work to remedy the situation.<sup>17</sup>

Mr. Lever's statements of impending scarcity cannot help appearing ludicrous to the person reading them in 1931-32 who is in the midst of food surplus and low prices for the farmer. However, this interpretation of conditions as leading to the imminence of a food scarcity and a corresponding rise in prices was held by the agricultural and other leaders of the time practically en masse and it is easy to see how rising prices, statistics of falling production, and the shift of population to the towns would make this conclusion not only possible but likely.

It is in this attitude of a desire to be self-sustaining

in food supply and in the anticipated difficulties of such a course that the cue to much of Mr. Lever's action on farm products is found. This attitude was evidently at the base of and provided the motive power for his actions to foster production and aid economic distribution. It is evident from this speech that though his view recognized the sociological difficulties of rural life such as communication, social life, etc., still its chief focus was on the economic aspects of agriculture.

Mr. Lever's speech on the Agricultural Appropriation Bill in 1916 confirmed the opinions he had shown before but added some new ideas.

He said that the war demonstrated that the United States was dependent for many things such as oceanic transportation, potash, nitrogen, dyestuffs, etc. The collapse of the cotton market with the first gun of the war showed, he said, that America was not independent and that the method of marketing farm products was insufficient and inadequate. His belief was that the country must learn the lesson from the present and declare its agricultural and industrial independence.

It was not independence alone that he desired, however. He said, "The spirit of proprietorship is the essence of patriotism," and the United States must preserve this spirit of ownership because with the migration to the towns and the growth of farm tenantry there was danger of losing it. Aiding farm owner-

ship, he pronounced, was more beneficial than providing armies.

He again traced the causes for the movement away from the farm by saying that generally speaking the cause was "the fact that the farmer has not been offered the facilities for capitalizing his brains and labor to the best advantage as have other people. The machinery for transforming his intelligence and energy into profit and comfort is crude and antiquated..... The farmer's profits are small. His educational advantages are by no means comparable with such advantages of towns and cities. His means of communication are inadequate and highly expensive. His social life and especially that of his family is meagre when not entirely barren."<sup>18</sup>

Much of this speech was an argument for the Rural Credits and Warehouse Bills which will be taken up later.

#### Rural Credits

It has been stated that the years 1907-1912 saw the growth of a demand for rural credits. When the Federal Reserve Act was considered in Congress in 1913, amendments <sup>were</sup> added to it in the Senate allowing extended time for loans on agricultural products and on farm lands. On December 20, 1913, Mr. Lever moved that the conferees of the House on the bill be instructed to agree to these amendments, thus insuring their presence in the final bill. The motion was carried with the result that the Federal Reserve System was made a rural credit agent, particularly for short term loans.<sup>19</sup>



One of the greatest motives for action on rural credits was the collapse of the cotton market in the fall of 1914. The farmers were left with their crop of cotton on their hands and no buyers in sight because of the outbreak of the World War. Out of this situation came the proposal to loan \$250,000,000 from the federal treasury to the cotton and tobacco farmers of the South by depositing this amount, secured by warehouse receipts on cotton and tobacco, in the local banks which were in turn to loan the money to the farmers. Mr. Lever put himself on the side of this proposition by voting for it in October and December, 1914.<sup>20</sup>

The idea was rather a quickly thought out scheme and perhaps was not very truly based economically. The fact that he said nothing about the bill in Congress may show Lever's coolness toward it and his vote for it may have been for the sake of his constituents instead of in accordance with his judgment. At any rate the real struggle in the 63rd Congress (1913-1915) was not this project (which was voted down) but was an entirely different scheme.

On January 28, 1915, the House passed the Agricultural Appropriation Bill for 1915-1916 and sent it to the Senate as usual. In the latter body, however, there was added to it the so-called McCumber amendment for rural credit by loans from the government through local state and national banks. This, of course, put the government directly behind this scheme of rural credit.

It was an open rumor that President Wilson disapproved of governmental aid for rural credit, although no one in the House

seemed to know whether he would veto the bill with this proposition in it or not. Mr. Lever took the attitude throughout that the Appropriation Bill must go through even if rural credit had to be sacrificed. What complicated the whole situation was that the bill had been sent to the House by the Senate on Saturday, February 27, 1915, which was just four working days before the session was to end. Time was very short and Mr. Lever urged that the bill be sent to conference, but the House instead referred the bill to the Agriculture Committee.<sup>21</sup> Mr. Lever told the story of what happened after this in his speech on the following Monday. That morning, March 1, the committee met at 9:30 o'clock with practically nothing to work on. They had never given any special consideration to the subject of rural credits though they were all in favor of it. The question was what to do. They sat in committee until one o'clock that afternoon when it became imperative that a report be made back to the House. Mr. Lever said they did what all sensible men in such circumstances would have done -- they reported the bill back to the House with the substitution of the Hollis bill for the McCumber bill.<sup>22</sup>

The Banking and Currency Committee of the Senate had been considering the problem for nine months and had just unanimously reported this Hollis bill as the one they recommended. It was because of this fact as well as because the Hollis bill did not put the government behind rural credits, and because the substitution of the Hollis bill for the McCumber amendment in the House would send the bill to conference where perhaps a satisfactory

compromise could be worked out so the bill would go through, which perhaps made Mr. Lever favor the Hollis bill.

On Monday, March 1, on which the committee reported, the newspapers were heralding the fact that the President would veto the Agricultural Appropriation Bill should it pass with a rural credit system backed by government aid. No one in the House seemed to know whether this were true or not, and in spite of the newspaper story the House added governmental aid to the Hollis bill thus endangering the Appropriation Bill. Mr. Lever moved that the bill be given to conference, and this was agreed to. This placed the bill where a compromise could be arrived at and relieved the situation which Lever had so deplored. "We are facing as critical a situation as has faced this administration since it began," he had said and added that it was his desire to prevent the defeat of this supply bill "necessitating, without a doubt, an extra session of Congress."<sup>23</sup>

In the conference both bills were struck out and in their place was put a section providing for a joint council of twelve members including the Chairmen of both the Agriculture and Banking and Currency Committees of both Houses and two other members of each of these committees appointed by the chairmen. The duty of this commission was to investigate and prepare before January 1, 1916, a bill or bills for the establishment of a system of rural credits adapted to American needs and conditions.<sup>24</sup>

The conference report was accepted by both Houses :

and the Agricultural Appropriation Bill was signed by the President March 4, 1915.

On January 3, 1916, or about a month after the new Congress had convened, this joint committee of twelve submitted its report. It had divided into two sub-committees -- one for the study of land credits (in which division Mr. Lever served) and the other for consideration of personal credits. It was the former group which reported this plan for a system of land mortgage credit.<sup>25</sup>

In the Senate the bill as it came from this committee was introduced January 5. It passed the Senate and was reported favorably by the House Committee.<sup>26</sup>

It has been stated above that much of Mr. Lever's speech in 1916 for the Agricultural Appropriation Bill was spent on rural credits. He said that the farmer's return in finances did not allow him all modern conveniences and that even his methods of credit were limited and very costly. Conservative bankers hesitated to take farm land as security, he asserted, and the farmer paid the highest rate of interest of anyone.

He enumerated the three legs of agriculture as production, distribution, and finance. The federal government had spent \$200,000,000 on teaching increased production, he said, and lately it had begun work on distribution by the Bureau of Markets provided for in the Agricultural Appropriation Bill for 1912-1913 of

which item he claimed to be the author.

After stating that the last element in agriculture had not been aided by the United States government Mr. Lever added a very significant statement. He said that the farmer could not do it all alone and that the government must step into this field and assist the farmer.<sup>27</sup>

It has been noted that he had been opposed to governmental aid on a rural credit bill in the preceding Congress because, and perhaps only because, he was afraid of the veto of the bill. Whatever his attitude in the preceding Congress he was evidently in favor of governmental aid in 1916. His speech for the Agricultural Appropriation Bill showed his stand on the question. Since he had never spoken on this subject before and on March 1, 1915, had admittedly not thought of it before he was appointed to the committee of twelve, it is perhaps fair to assume that it was from his experiences on that committee that he finally reached a definite decision on the problem of whether the government should back a rural credits system.

When the Rural Credits Act came up in the House, Mr. Lever offered and got passed what was probably the most important amendment added to the bill. On May 11, 1916, he offered this amendment allowing the Secretary of the Treasury to back up the land banks on their bonds by loaning each bank in difficulty a sum to allow it to conduct its business and make payments on bonds smoothly up to a half million dollars annually. This put the federal government directly behind the rural credit organiza-

-tion and gave it a stability and safety that it might not have had otherwise. It was this amendment which really made the act a "government" measure because it put the government in the rural credit business. The safety of this system would, of course, add to the value and desire for the bonds of the banks.

In his speech upon this amendment Mr. Lever stated his position upon the subject. He said that many months of study on the problem had convinced him that the whole strength of the system depended upon the strength of the bonds issued under it, because, he added, "the bond is the bridge which connects up the borrowing farmer on the one side of the stream with the investing public on the other." Strong bonds meant ample money for the farmer. Weak bonds meant the reverse. A severe disaster over any part of the country, he said, under the system proposed by the bill would shake the whole system. Funds should be available for this possible though not probable contingency.

He declared that the effect of his amendment would be to assure the investor of safety with the federal government behind the bonds. Thus the private investor on whom the bill depended would be willing to buy the bonds readily and at low rates of interest because of their safety.

The bill stated the farmer was not to pay more than 1% in excess of the rate at which the bonds sold, and thus a lowering of the bond rate lowered the rate to the farmer. Perhaps, said Mr. Lever, the governmental backing of the bonds might make a

difference of as much as 1% on the interest to the farmer.

When the amendment was criticized because it gave the government a superior lien over the bond-holders on the bank, Mr. Lever said he realized that this fault might make investors a little more reluctant to buy the bonds and he would have amended it except "for tactical reasons."<sup>28</sup> The amendment was passed May 11, 1916.

Though Mr. Lever was obviously for government backing he was against carrying it to the extreme as was shown by his speech the next day, May 12, on the amendment by Mr. Henry of Texas providing for the Secretary of the Treasury to buy farm loan bonds at par up to the sum of \$50,000,000.

Mr. Lever said this was a danger to the bill (which he rated very highly by saying, "I believe that it (the Credits Act) is an improvement under American conditions over any rural credits system in existence in any country in the world.") He said that it contained more of government aid in subscription to capital stock, exemption from taxation, etc., than ever had been in any rural credit legislation.

His situation was stated thus: "I am for government aid, so-called, that really aids the system and helps in a substantial and sane manner the workability of the system. I take second place to none in that respect." Mr. Henry's amendment, he continued, did not give practical help. It admitted the bill was a failure. If the bill was a failure it should not be passed,

and if it was not then it didn't need help, was his contention.

Perhaps Mr. Lever disclosed the President's attitude by saying positively that the passage of the amendment meant no rural credit legislation in that session. He asked the real friends of the farmer who wanted acts, not words, to vote down the proposition.<sup>29</sup>

This proposed amendment was rejected.

On May 15th, Mr. Lever introduced another amendment to the Rural Credits Bill which allowed the trustees of the Postal Savings fund to invest up to 50% of the fund in farm loan bonds, and he urged the passage of it.<sup>30</sup> The amendment was rejected.

On the same day he made a speech which he perhaps has regretted many times since. He spoke strongly against that part of the bill allowing the establishment of joint stock land banks. He said these joint stock land banks would issue bonds competing with those of the farm-loan banks. This competition would give the investor the power of choice and thus he and not the person who issued the bonds would fix their price. It would destroy the competition and bidding up of the bonds which would happen were there only one type and capitalists competed for buying it. He wanted the abolition of these joint stock land banks so that capital would have to bid for the land-bank's bonds and thus lower the interest rate for the farmer.<sup>31</sup> He took this position again on June 27, 1916, when the conference report came up for acceptance. On this date he repeated his objections to the joint stock land bank although



he said he would vote for the bill. Of course, the thing which makes this stand humorous is that since 1922 he has been president of the First Carolinas Joint Stock Land Bank -- one of the type he deplored in 1916.

Mr. Lever's stand on the Rural Credits Bill considered in the House gives one an insight as to a bill (HR. 10314) he introduced January 28, 1916, with the same title as the one up for passage. Evidently his proposed bill provided merely for farm loan banks and not the joint stock variety and it must have provided federal aid and backing for the system. His bill was never considered because the debated rural credits measure as amended went through both houses and was signed July 17, 1916. It is this act which forms the basis for long term loans on land for the farmer by providing the Federal Farm Loan System.

#### Warehousing

All of the six major problems in agriculture of the period of our study have been considered except one -- warehousing. On August 14, 1914, a bill was introduced simultaneously in the House and the Senate by Mr. Lever and Mr. Hoke Smith which opens for consideration this last one. This bill (H.R. 18359) authorized the Secretary of Agriculture to licence cotton warehouses and cotton graders. Uniform receipts were to be issued giving necessary data for the cotton deposit and \$50,000 was appropriated for carrying out the work. The bill did not compel the use of official

cotton grades.

The Senate passed this bill (S. 6266) but added as products whose warehouses could be licensed naval stores, tobacco, grain and flaxseed, and even canned salmon. The House referred the bill to the Committee on Agriculture which proceeded to combine the Smith-Lever bill for cotton warehouses and the Moss bill for grain warehouses (which had been introduced three times in this Congress), and sent the composite bill to the House with a report.

The report stated that the situation of cotton prevalent at that time with the collapse of the market after the World War started showed the inadequacy of the marketing system. The country lacked storage facilities and a close relation between those there were and the banking system. Uniform warehouse receipts would be a help in this project of bringing a closer relationship. The bill, the report said, was an outgrowth of the European situation but the committee felt that it would show its advantages so clearly that it would justify itself as a permanent act. The provisions of the bill, it concluded, were permissive, not compulsory.<sup>32</sup>

One has only to read the report to see that the cotton situation of the beginning of the World War was the cause of the agitation for this system of warehouses.

This combined Smith-Lever-Moss cotton and grain warehouse bill was not taken up until December 21, 1914. In the debate on the bill the main argument of its opponents seemed to be that it

was unconstitutional.

In reply to the objections of the opponents Mr. Lever made a speech in defense of the bill in which he made a statement which perhaps shows the modern attitude of the legislator and which seems to express the spirit of Mr. Lever.

"The truth is," he said, "that when there is a great general good to be accomplished by legislation I am not so squeamish about the Constitution. I believe that when a thing is to be done, when an object is to be accomplished, it should be reached in the quickest and most direct way."

He continued by saying (as did the report) that one of the chief problems of agricultural economy was the lack of a proper relationship between farm products and the banking and commercial world. The farmers' goods were said to be graded and sold upon terms fixed, not by the farmer himself but by others, and he was the one who suffered by any ignorance or dishonesty.

The purpose of this bill, said Mr. Lever, was to provide a uniform warehousing system and a uniform warehouse receipt which would make liquid for credit the evidence of ownership of agricultural produce. This would be possible by making the receipt uniform, the grades uniform, the warehouses uniform, and the whole thing governmentally inspected. This Warehouse Act was essential if the Secretary of the Treasury were to carry out the provisions of the Federal Reserve Act in regard to discounting agricultural

paper secured by agricultural products, said Mr. Lever.

The bill would result in larger storage facilities, would serve as an incentive to storing, thus saving weather loss, and it would enable the farmer to market his produce when the price is highest, he continued.

"It is in every line a farmers' bill," concluded Mr. Lever, "and to my mind is the most far-reaching step forward in the building up of a real system of marketing, a system which looks to the benefit of the man who produces the goods to be sold, that has been taken in many a day, either by state or federal enactment."<sup>33</sup>

The House passed the bill by a two-thirds majority. When the Senators took up the bill in February, however, they wished to make some amendments and could not decide whether to do so on the floor, in the Committee on Agriculture, or in conference. As a result the session ended without any action at all.

On the first day of the 64th Congress, December 6, 1915, Mr. Lever reintroduced the cotton warehouse measure and on January 6th and January 19th he introduced bills appropriating money to enable the Secretary of Agriculture to license and inspect warehouses generally, the latter of which was reported back to the House favorably. This bill (H.R. 9419) was much the same as the Smith-Lever-Moss bill of the preceding session except that it specifically included tobacco and wool among the products whose

warehouses could be licensed, it made mandatory the use of official grades, and it expressly stipulated that the bill was not to interfere with state systems but to cooperate with them.

In the report as presented by Mr. Lever the committee brought out the ideas that students of farm economics had realized before that the farm marketing machinery was weak but the World War showed it up conclusively. The main difficulties were

1. Lack of adequate storage facilities.
2. Lack of proper control and regulation of those facilities.
3. Lack of uniformity in operation and receipts issued.
4. Multiplicity of standards of classification, or, in some cases, even none at all.
5. Lack of disinterested graders and weighers.
6. Lack of a proper relationship between storage and banking systems.

The object of the bill as stated by the committee was to provide machinery to bring farm products into closer contact with the commercial and investment and banking world. A uniform receipt was needed that it might be good collateral in the Federal Reserve System and this bill with a purely permissive system of licensed warehouses would be a great help in promoting uniformity.<sup>34</sup>

This report was given to the House January 21, 1916, but was not taken up. On April 11 action on the bill was forecast by Mr. Lever's speech on the Agricultural Appropriation Bill which has been noted in connection with rural credit and with the explanation of his attitudes toward agriculture. This speech dwelt on rural

credit saying that money was necessary for cheap production and correct distribution, for by giving the farmer credit one gave him ownership of his products and assured him a voice in fixing the price he would sell them for.

In addition to the Land Credit Act reported by the committee of twelve a short time credit was needed to tide over the critical periods of marketing, Mr. Lever said. He stated that the Federal Reserve System must furnish the machinery for this, at least for the time, because it gave rediscount privileges for farm paper for six month periods. Lever's stand was that the Federal Reserve Banks were trying to help the situation and were partially successful, but to make the system really effective the Warehouse Act would have to be passed with its provisions for uniformity in grading, storage, and receipts so that they were uniform collateral. <sup>35</sup>

The action presaged by this speech took the same form as the second Cotton Futures Act and the Grain Standards Act. These with the Warehouse Act were added to the Agricultural Appropriation Bill for 1916-1917 on April 28 and 29, 1916, under the same special rule. In the debate on the addition of the act Mr. Lever made a speech in its favor.

The objects of the bill, he said, were these

1. Standardization of warehouses to reduce and make uniform insurance rates on warehouses and the products stored there.
2. Standardization of methods of grading farm produce to get impartial and accurate grading everywhere.

3. Standardization of warehouse receipts so as to give them collateral value for borrowing money so they might be used in the further utilization of the Federal Reserve System.

He stressed this last point showing that in his mind as well as that of the committee it was really the important part of the bill.<sup>36</sup>

The bill as added to the Agricultural Appropriation Bill gave the Secretary of Agriculture power to license warehouses of imperishable products, particularly cotton, grain, tobacco, wool, etc., as well as power to license classifiers and weighers and to establish official grades. The products of each owner were to be kept separate in the case of material such as cotton where was possible. In the grains or fungible products all produce was to be graded using the official grades and all grades were to be kept separate. Receipts of uniform type giving details of deposit were made necessary and rules were made for their issuance, redemption, etc. Records were to be kept of all deposits, punishment was set for violation, and an appropriation was made for carrying out the act.<sup>37</sup>

The Senate agreed to the inclusion of the Cotton Futures, Grain Grading, and Warehouse Acts as added to the Agricultural Appropriation Bill and with minor amendments they passed and the bill was signed August 11.

Evidently this Warehouse Act was not a perfect success for on February 19 and 21, 1917, Mr. Lever introduced bills amending this act. Neither of these was taken up and the attempt was dropped with the coming of the World War.

### Summary of Action

In the short space of the four years, 1913-1917, covered in this study there was extensive action upon each one of the six problems which were enumerated in the beginning.

#### 1. Grain and cotton standardization.

Cotton standards were provided for in the Agricultural Appropriation Bill of 1909, they were enforced in futures contracts in the Cotton Futures Acts of 1914 and 1916, and the period closed in a strong attempt to enforce their national use.

Grain standards were provided for in the Agricultural Appropriation Bill of 1916 and their national use enforced.

#### 2. Cotton futures.

Cotton futures acts were passed in 1914 and 1916 forcing compliance with governmental standards. The grain futures problem was still unsolved in 1917.

#### 3. Fertilizer - potash and nitrates.

As a result of an investigation authorized in the Agricultural Appropriation Bills in 1911 and 1912 a survey was made of America's resources. Publication of the Pacific coast beds of kelp as a source of potash was provided for in the Agricultural Appropriation Bill of 1914-1915. The 64th Congress (1915-1917) closed with a provision for a governmental nitrate plant seemingly not far distant.



#### 4. Agricultural extension work.

The bill for cooperative work was passed in 1914 and by 1917 the work had expanded almost to produce a revolutionary change.

#### 5. Rural credit.

The Land Mortgage Act as a companion to the Federal Reserve Act was passed in 1916 and provided long term loans on land. For short credits the Warehouse Bill of 1916 made more readily available the provision in the Federal Reserve Act for six month loans on agricultural products.

#### 6. The Warehousing system.

The act of 1916 provided for a permissive system of uniformed and licensed warehouses with licensed graders and weighers, using official grades and issuing uniform receipts.

### Summary of Lever's Attitudes.

Mr. Lever's interests and influence during this period have been treated but perhaps it would help to summarize them by subjects.

#### 1. Grain and cotton standardization.

Mr. Lever was strongly in favor of uniformity in standards. He was largely responsible for the authorization of establishing official cotton standards in 1909 although he was not the author of the bill. His cotton

futures acts enforced these standards in future contracts and he fostered a bill making their use mandatory in interstate and foreign commerce which passed the House.

Mr. Lever's interest in grain grading was shown by his bill of March 11, 1914, but he left this proposition mostly to others.

## 2. Cotton and grain futures.

Mr. Lever fostered two cotton futures bills -- one in 1914 and one in 1916. Both were passed and in the second one, in spite of Mr. Lever's wishes, all tax was eliminated in the foreign trade. He had introduced a bill for grain futures action March 11, 1914, but no action was taken on it.

## 3. Fertilizer - potash and nitrates.

Mr. Lever added the provision to the Agricultural Appropriation Bill of 1911-1912 for the investigation of the resources of the United States. He added to the Agricultural Appropriation Bill of 1914-1915 the provision providing for the printing of the information about the Pacific coast kelp beds. And he expressed himself in favor of a governmental nitrate plant.

## 4. Agricultural extension work.

Although the bill as passed certainly was not Mr. Lever's, yet he introduced it and was successful in getting it through. His action was confined to making the way of

the bill easier in which service, perhaps, Senator Hoke Smith exceeded him.

#### 5. Rural credit.

Mr. Lever was the man who added the provision onto the act of 1916 which provided for governmental backing for the land mortgage system. He was partial author of the Warehouse Bill, and was a firm advocate of the uniform warehouse receipt for short time loans.

#### 6. Warehouses.

Mr. Lever had considerable influence, not only in drawing up the bill as passed in 1916 but also in getting it passed. He was a constant advocate of the system from the first time it was introduced.

For most of this legislation Mr. Lever nor any other one man was totally responsible. The responsibility was distributed among several with Mr. Lever as merely one of the number. One feels, however, that most of the bills were in his debt for his skill in handling them on the floor as well as in committee. He watched over them constantly and tirelessly until each one was passed.

This brings out a characteristic of his which was evident throughout his stay in Congress. Once he saw a bad situation and saw a way to overcome it, he endeavored constantly to secure the end sought. Once convinced of the desirability of a bill he tried to

get it until he succeeded.

Another one of Mr. Lever's prominent traits seemed to be his willingness and even anxiety to take the experience and education of experts as incorporated in their advice. He seemingly always tried to consult experts in all subjects he was interested in and accepted their statements gladly. He kept his mind open until the evidence from such sources as these was all in, and then he made up his mind firmly on what he thought was the right procedure and followed it out as firmly as possible without blindness or unreasonable stubbornness.

Perhaps the third and last of Mr. Lever's characteristics which should be mentioned here was his kindness, courtesy, and patience on the floor of the House. His policy seemed always to be to keep his temper, to speak calmly, to compromise as friends must, and to make as few enemies as possible. I know of no biting or sarcastic word he uttered on the floor of the House in those four years when it was often that those around him or those talking to him were irritated.

It has been said that there are two kinds of men -- those who think and have the ideas and those who act and carry them out. If one must use one of the other of these types for Mr. Lever, it must be said that he belongs to the latter class. This does not, of course, preclude him from having ideas. It does mean that action and the carrying out of ideas seemed to be his strong point.

The passage of the first agricultural appropriation bill

which Mr. Lever supervised was made the occasion of several complimentary remarks which to some extent show the opinion not only of his friends in his own party but also of his opponents politically.

1. Mr. Mann of Illinois, Republican leader, said, "I believe that we have never had a better chairman, and I am somewhat doubtful whether we have had so patient a chairman, as the distinguished gentleman from South Carolina, and as we are about to close the consideration of this bill and pass it, I think I am speaking the sentiment of every member of this House when I say we congratulate the gentleman upon his ability, his clearness of expression, his patience, and his constant courtesy."<sup>38</sup>

2. Mr. Haugen - Republican agricultural leader of Iowa: "I believe it can be truthfully said that no one has pursued his his duty with greater fidelity and conscious rectitude of purpose than has the gentleman who has presided over the Committee on Agriculture."<sup>39</sup>

3. Mr. Candler of Mississippi, Democrat and fellow member of the Agricultural Committee: "(The Agricultural Committee) has never been presided over in its existence by a more distinguished, patient, able, or energetic chairman than it possesses today and I assert that he has as much constructive legislation to his credit as any man on the

floor with the same length of service." He also told of a speech of Secretary of the Navy, Josephus Daniels, who in a speech in South Carolina had said that Mr. Lever was a constructive statesman who would always live in the history of his country.<sup>41</sup>

Should we strip these speeches of their natural inclination to exaggeration and bombosity we would still have enough remains to conclude that Mr. Lever was admired, was a success, and played a constructive part in his time.

Perhaps the best estimation of the man is found in the memoirs of Secretary of Agriculture Houston who wrote, "Very fortunately there was available for leadership in the forces in Congress interested in agriculture one of the best real friends the farmers ever had and one of the ablest and most satisfying legislators it has been my fortune to know, A. F. Lever of South Carolina. He was alive to the needs of the farmer and was unwilling to play the demagogue. He was skillful in handling measures in committee and on the floor of the House, was willing and anxious to get the best thought of the most competent experts, and had the faculty in high degree of cooperating with departmental and other leaders."<sup>42</sup>

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## Chapter I

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- 2 Page 5.

## Chapter II

- 1 Wilson, Margaret. Monograph. "The Beginning of the Agitation for Futures Regulation."
- 2 Congressional Record, 61st Cong., 2 session, Appendix, 422.
- 3 True, Alfred Charles, A History of Agricultural Education in the United States, 279.
- 4 This work was done by the Bureau of Plant Industry from Appropriations in the Agricultural Appropriation Bill.
- 5 McCalep, George, The Legislative History of the Federal Farm Loan Act. Monograph.
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- 7 Ibid., 59th Cong., 1 session, 6210.
- 8 Ibid., 59th Cong., 1 session, appendix, 72-79.
- 9 Ibid., 59th Cong., 2 session, 1909.
- 10 Ibid., 60th Cong., 1 session, 4070.
- 11 Ibid., 61st Cong., 2 session, appendix, 422.
- 12 Ibid., 61st Cong., 3 session, 2298.
- 13 These facts and most of the following data on extension are taken largely from True, Alfred Charles, A History of Agricultural Extension Work in the United States, 100-115.

## Chapter III

- 1 Congressional Record, 63rd Cong., 1 session, 5286-5288.

- 2 House Report No. 765, 63rd Cong., 2 session.
- 3 New York Times, June 30, 1914, page 12.
- 4 Congressional Record, 63rd Cong., 2 session, 12843-48.
- 5 38 U.S. Stat. at Large, 693-698.
- 6 "The Cotton Futures Act", Journal of Political Economy,  
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- 9 Page 19.
- 10 38 U.S. Stat. at Large, 442.
- 11 Congressional Record, 64th Cong., 1 session, 4725-27.
- 12 Ibid., 64th Cong., 1 session, 7602 and 7612.
- 13 39 U.S. Stat. at Large, 355-359.
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- 16     39 Ibid., 1134-1168.
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- 20     Ibid., 63rd Cong., 3 session, 30-31.
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- 22     Ibid., 5008.
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- 28     Ibid., 7821.
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- 31     Ibid., 7987.
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- 33     Congressional Record, 63rd Cong., 3 session, 475-477.
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